

<u>TAB</u>	<u>DATE</u>	<u>ADDRESSEE</u>	<u>FROM</u>	<u>SUBJECT</u>
A	24 Nov. 1965	Deputy Director for Support	Director of Logistics	Local Tax Assessment on Agency Leased Equipment
B	3 Dec. 1965	General Counsel	Deputy Director for Support	Local Tax Assessment on Agency Leased Equipment
C	30 Dec. 1965	Acting Assistant Attorney General, Tax Division, Dept. of Justice	General Counsel	Local Tax Assessment on Agency Leased Equipment
D	Jan. 1966			Excerpt from Contract Appeals Decisions (Taxes, Use Tax, Measure, Rental v. Component Cost)
E	28 Jan. 1966	General Counsel	Dept. of Justice	CIA v. Fairfax County, Virginia
F	1 Feb. 1966	Director of Central Intelligence	General Counsel	Tax on IBM Equipment

DOJ and Legal
review(s) completed.

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6/24/98

SEP 3 WILL CHECK CLASSIFICATION TOP AND BOTTOM UNCLASSIFIED CONFIDENTIAL SECRET			
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	OL/OGC		
2			
3			
4			
5			
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
Remarks: <div style="border: 1px solid black; width: 100px; height: 15px; margin: 10px 0;"></div> : Mr. Houston signed this letter on 30 Dec 65. I am returning the OL official copy to you and also think you should retain the 3 Dec 65 memorandum from DDS, which I have also attached. <div style="text-align: right; margin-right: 100px;">Janet</div>			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
Approved For Release 2003/05/21 : CIA-RDP78-01092A000100020001-7 UNCLASSIFIED CONFIDENTIAL SECRET			

STATINTL

TAB

1 February 1966

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Tax on IBM Equipment

1. This memorandum is for information.
2. In December 1965 you noted publicity concerning the effort of Virginia county authorities to assess taxes on IBM equipment leased by the Central Intelligence Agency. As you directed, we sought a formal opinion from the Department of Justice by a letter of 30 December 1965. We have now received the attached letter from the Department of Justice which states such taxes are not barred by the Federal Constitution. However, the letter further states that IBM may not pass these taxes on to the Government and that the General Services Administration has informed Justice that the imposition of these taxes is not likely to affect future contract prices.
3. We will work with the Deputy Director for Support to try to assure that future handling of these tax matters with the county authorities does not result in publicity about the Agency.

5-111111

LAWRENCE R. HOUSTON
General Counsel

Attachment

cc: DDS
Office of Logistics
OGC subject Equipment c. r. Taxes
chrono

OGC:LRH:jeb

TAB



UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

January 28, 1966

Address Reply to the
Division Indicated

and Refer to Initials and Number

CMF:FBU:HNGoodwin:djb
236517-48-9

Honorable Lawrence R. Houston
General Counsel
Central Intelligence Agency
Washington, D. C. 20505

Re: Central Intelligence Agency
v. Fairfax County, Virginia

Dear Mr. Houston:

This refers to your letter of December 30, 1965.

Inasmuch as (1) the equipment leased by the Central Intelligence Agency from International Business Machines Company is not located in an area over which the Federal Government has exclusive jurisdiction; and (2) the legal incidence of the Virginia personal property tax is upon the owner and not the lessee of the property, the taxes, absent a showing of administrative discrimination, are not barred by the Federal Constitution. This would also be true with respect to leased equipment in Arlington County not located in areas over which the Federal Government has exclusive jurisdiction.

However, since these taxes are not "levied on or measured by the contract or sales price of the services or completed supplies furnished under" the contract, International Business Machines Company may not pass them on to the Government. Moreover, we have been informed by the General Services Administration that their imposition is not likely to affect future contract prices.

If we may be of further service to you in this matter, please do not hesitate to call on us. Unless we hear from you by March 1, 1966, we will assume that your inquiries have been fully answered and will close our files.

Sincerely yours,

C. MOXLEY FEATHERSTON
Acting Assistant Attorney General
Tax Division

By:

A handwritten signature in cursive script, appearing to read "Fred B. U Gast".

FRED B. UGAST, Chief
General Litigation Section

TAB

such paragraph requires encasement in a concrete envelope only of asbestos cement conduit and that it permits direct burial in the earth of plastic conduit without such encasement. It asserts therefore that the Contracting Officer's decision requiring it to encase plastic conduit in a concrete envelope amounted to a change in contract requirements which entitles it to an equitable adjustment in the contract price under the "Changes" clause of the contract for the added cost of the concrete envelope. On the other hand, the Government argues that Appellant's obligation regarding the installation of plastic conduit is not limited by paragraph 63-03h but that the provisions of paragraph 63-02c are also for application and since the plastic conduit installed by the Appellant was not approved by Underwriters' Laboratories, such conduit had to be encased in a concrete envelope.

It is to be noted that paragraph 63-02c applies to all materials, etc., installed under the contract whereas paragraph 63-03h applies specifically to conduits installed in the areas specified. It is apparent that the effect of the Government's position is that there is no inconsistency between the provisions of the aforesaid two paragraphs and, therefore, when construed together, they required Appellant to encase the Carlon conduit it installed in a concrete envelope. It is also apparent from Appellant's sole reliance upon the provisions of paragraph 63-03h that it is Appellant's position that the provisions of paragraph 63-02c are not for application in the resolution of the instant dispute. It is evident that the basis for this position is that the provisions of paragraph 63-02c and 63-03h are inconsistent with each other and since the specific governs over the general, the provisions of paragraph 63-03h govern over the provisions of paragraph 63-02c. Manifestly, therefore, if the Appellant's interpretation of paragraph 63-03h is reasonable, its position must be sustained.

Paragraph 63-03h provides:

"Conduits * * * shall be hot dipped galvanized rigid steel conduit, fiber, plastic, or asbestos cement encased in 3 inch minimum concrete envelope, * * *"

The Government argues, of course, that the phrase, "encased in a 3 inch minimum concrete envelope" refers to all of the types of conduit named. If a comma had been inserted after "asbestos cement" we would have no hesitation in agreeing with the interpretation urged by the Government and would hold that Appellant's contract required Appellant to encase plastic conduit in the concrete envelope speci-

fied. But in the absence of such a comma in the place indicated, it does appear that "encased in 3 inch minimum concrete envelope" could be construed to refer solely to "asbestos cement" and not to the other types of conduit preceding "asbestos cement." Although we are of the opinion that the Government's interpretation of the above quoted language is reasonable, we are also of the opinion that the Appellant's interpretation thereof is equally so. In view thereof and the principles enunciated in *WPC ENTERPRISES, INCORPORATED v. UNITED STATES*, 163 Ct. Cl. 1, we hold that Appellant is entitled to the equitable adjustment in the contract price which it claims. The matter is remanded to the Contracting Officer to determine the amount of the equitable adjustment.

DECISION

The appeal is granted.

—CCN—

[16075] HONEYWELL, INC.

GSBCA No. 2002. January 11, 1967.
Lease Agreements Nos. GS-00S-37453, GS-00S-46508, and GS-00S-49754.

TAXES — USE TAX — MEASURE — RENTAL v. COMPONENT COST.

A computer manufacturer and lessor who paid a California use tax on the equipment was entitled to reimbursement under three leases to the government because the tax was levied on the use of the equipment rather than on the use of its components. The terms of one lease provided that the government would pay "any taxes levied on the equipment or its use," and two leases provided for government payment of any taxes "measured by" the contract price. The contracting officer denied reimbursement on the ground that the tax was imposed not on the use of the equipment but on the use of its component raw materials by the contractor. However, under California law, the owner of property "uses" it when he leases it, and the tax statute permits taxpayers to measure use taxes either by the cost of the raw component materials or by the contract price. Inasmuch as the leases permitted reimbursement for taxes on the use of the equipment and "measured by" the contract price, the GSBGA de-

terminated that the contracting officer had erred in his interpretation of the lease.

Kenneth E. Karger for the appellant, Richard F. Kerr and Miss Allie B. Latimer for the government.

Opinion by Mr. Koontz with Mr. Sheehan and Mr. Hersh concurring.

This appeal is concerned with three agreements covering the rental to the Government of automatic data processing equipment under lease agreements GS-OOS-37453 for the fiscal year 1963, GS-OOS-46508 for the fiscal year 1964, and GS-OOS-49754 for the fiscal year 1965, respectively. The dispute arises over the refusal of the Contracting Officer to direct reimbursement to the lessor of \$40,780.40, which amount was paid to the State of California, as "use taxes" assessed on the leased equipment.

The equipment was installed on the premises of the United States Naval Air Station at Alameda, California, and of the Ames Research Center of the National Aeronautics and Space Administration, Moffett Field, California. The lease agreements were negotiated by the Federal Supply Service under its Federal Supply Schedule, a service performed for any Federal agency desiring to lease such equipment. Rental fees and other costs are paid by the agencies using the equipment. The Federal Supply Service acts merely in a procurement capacity. The lessor bases its claim for reimbursement of the "use" tax on two provisions in the lease agreements. They are:

"GS-OOS-37453 (Fiscal Year 1963)

Taxes: Any taxes levied on the equipment or its use shall be added to the rental charges incurred and shall be paid by the Government.

"GS-OOS-46508 and GS-OOS-49754 (Fiscal Years 1964 and 1965)

State and Local Taxes: Notwithstanding the provisions of Article 24 of the Supplemental Provisions (GSA Form 1424), the contract price excludes all state and local taxes levied on or measured by the contract or sales price of the service or completed supplies furnished under this contract. Taxes excluded from the contract price pursuant to the preceding sentence shall be separately stated on Honeywell's invoices and the Government agrees either to pay to Honeywell amounts covering such taxes or to provide evidence necessary to sustain an exemption therefrom."

The agreements also contain the standard "Disputes" clause.

Section 6201 of the CALIFORNIA REVENUE AND TAXATION CODE provides: "An excise tax is hereby imposed on the STORAGE, USE, or OTHER CONSUMPTION in this State of TANGIBLE PERSONAL PROPERTY purchased from any retailer on or after July 1, 1935, for storage, use or other consumption in this State" (Emphasis by the Court.) "Use" includes the exercise of any right or power over tangible personal property incident to the ownership of that property, except that it does not include the sale of that property in the regular course of business." (Section 6009, CALIFORNIA REVENUE AND TAXATION CODE.) The "use" tax is intended to reach property purchased for use and storage in California from out-of-state retailers, who are not subject to the California sales tax. One of the chief purposes of the "use" tax is to help retailers in California who are subject to the sales tax, to compete on an equal footing with their out-of-state competitors who are exempt from the California sales tax. *BANK OF AMERICA v. STATE BOARD OF EQUALIZATION*, 26 Cal. Rptr. 348 (1962); *AMERICAN AIRLINE, INC. v. STATE BOARD OF EQUALIZATION*, 30 Cal. Rptr. 590 (1963). The use tax is limited to the use of property purchased outside the State for use within the State. It is not intended to apply to property subject to the sales tax. All property not actually covered by the sales tax is subject to the use tax. The use tax is complementary to the sales tax and, as such, is intended to supplement the sales tax by imposing on those subject to the tax burden equivalent to the sales tax in order that tangible personal property sold or utilized in California would be taxable at least once for support of the state Government. California sales and use taxes are not interdependent; each is a separate tax. The sales tax is imposed on the retailer for the privilege of selling tangible personal property while the use tax is levied on the purchaser who stores, uses, or consumes property in California which has been purchased outside the State. *BANK OF AMERICA v. STATE BOARD OF EQUALIZATION*, supra.

Appellant manufactures automatic data processing equipment outside the State of California. Following installation of the equipment at the aforementioned Government facilities, Appellant was advised by its counsel that the lease of the equipment to the Government constituted a taxable use under the California law.

At the oral hearing, held in this matter September 12, 1966, Appellant offered

Number 266-221

Cited 66-2 BCA

28,127

in evidence a document, received from the State Board of Equalization, assessing the tax (with interest), and a photostat of Appellant's check in payment thereof (Appellant's Exhibit No. 2).

It seems clear that the automatic data processing equipment is tangible personal property within the meaning of the statute, and it is also clear that Appellant as owner of the tangible personal property has the liability for its payment.

The Contracting Officer in denying reimbursement of the tax took the position that the tax is imposed not on the manufacturer's use of the equipment itself, but on the use of its components, i.e., the tax is assessed on the value of the components purchased by the manufacturer and used within the State of California. Under those circumstances, said the Contracting Officer, the Government was of the opinion that reimbursement was not warranted under the terms of lease agreements GS-OOS-37453 (for fiscal year 1963) since reimbursement was authorized only with respect to taxes imposed upon the use of equipment, and not on the contractor's use of its components. Likewise, said the Contracting Officer, reimbursement cannot be allowed under Contracts GS-OOS-46508 and GS-OOS-49754 for fiscal years 1964 and 1965, since those contracts authorize payment for de facto sales taxes only. The Contracting Officer went on to say that the Government was not unmindful that those contracts permitted reimbursement for taxes "measured by" the contract price and that the California law permitted the use of periodic rental payments as a measure of the tax. In this connection, he points out, the use of the term "measured by" was intended only to allow reimbursement for taxes which, while in fact sales taxes, were not levied on sales but levied on gross receipts, or gross income, or from other incident such as the privilege of doing business.

Offered in evidence as Appellant's Exhibit No. 7, is a photostatic copy of ruling of the Sales Tax Council of the State Board of Equalization which recites that "When the lessor is also the manufacturer of the property he leases, he may pay the tax measured by the cost of the property he leases, he may pay the tax measured by the cost of the property to him or by the amount of the rental receipts, at his election.

The cost of the property is the cost of the raw materials. . . . Only to the extent that the manufacturer purchases raw materials which become a component

part of the rental article does tax liability arise based on the cost of such materials. If the raw materials are purchased in this state [California] and the vendor pays the sales tax, there is no further tax liability with respect to rental of the article if the rental is not in lieu of a sale. If the manufacturer is located outside the state so that the raw materials were not subject to the state sales tax, the use tax applies if the manufactured article is rented in this state prior to substantial use outside the state." From this it would appear that the cost of the component parts are used as a measure of the tax to be assessed under the California Use Tax law.

The board finds that the case of UNION OIL COMPANY OF CALIFORNIA v. THE STATE BOARD OF EQUALIZATION, 34 Cal. Rptr. 872 (1963) is controlling here. That case dealt with the assessment of the use tax on the owner of two vessels purchased in New Jersey and leased for use and operation in California waters. The court held that under the use tax statute the owner of the property "uses" it when he leases it. The use, said the court, of the lessor through the lease in California is a California use.

The Board finds that the Contracting Officer erred in his interpretation of the tax-provisions of the subject lease agreements.

Our consideration of this matter has been limited to the issue of entitlement. The appeal is remanded for appropriate action consistent with the views herein.

DECISION

The appeal is granted.

—CC—

[16076] J. W. BATESON CONSTRUCTION COMPANY, INC.

GSBCA No. 1982, December 30, 1966. Contract No. GS-08B-3610.

SPECIFICATIONS—CONFLICTS BETWEEN DRAWINGS AND SPECIFICATIONS—WRITTEN PROVISION ABSENT FROM DRAWINGS—An electrical subcontractor was not entitled to additional compensation for installing fire protection control valve supervisory switches which were not depicted on contract drawings because they were clearly required by the written specifications. The fact that water flow alarm valve switches, a separate contract requirement, were depicted on

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Richard M. Roberts, Esquire, Acting Assistant Attorney General,
Tax Division, Department of Justice

The real property which comprises the CIA Headquarters site at Langley was the subject of an agreement for concurrent jurisdiction, the authority for which may be found at 40 USC 255 and in the Code of Virginia (1950) at Sec. 7-21 and 7-24. In this connection, there are enclosed for information copies of two letters written on 26 July 1961 by the then Director of Central Intelligence, Honorable Allen W. Dulles, to Governor Almond of Virginia which are believed to be self-explanatory (Attachments G and H). Herewith also is a copy of the Deed of Cession referred to in one of the letters (Attachment I).

It might be apropos to point out that the Constitution of the Commonwealth of Virginia (171) provides that no state tax for state purposes shall be levied on tangible personal property while Sec. 58-9 of the Virginia Code provides that only local taxes may be imposed on real estate and tangible personal property. Sec. 7-21, in reserving to the Commonwealth the right to tax all property not belonging to the United States, provides that for purposes of taxation and jurisdiction the (United States) lands shall be deemed to be a part of the city or county in which they are situated.

The contract between CIA and IBM involving the leasing of the equipment being taxed follows a standard form issued by the General Services Administration (GSA). A copy of a typical contract with IBM is enclosed (Attachment J). Even prior to the passage this year of PL 89-306, GSA generally supervised governmental leasing of computer equipment. The Procurement Division of CIA has, upon making inquiry, received informal advice from GSA that in the event IBM pays the personal property taxes in question and then attempts to bill CIA for same, the matter should be referred to GSA for a ruling. This will be done in the absence of any objection from your Office, since it is our understanding that your Office has been in contact with the Office of General Counsel of GSA regarding this matter. There are quoted hereafter two paragraphs taken from the "boiler plate" provisions of IBM booklet pertaining to Government contracts:

"STATE AND LOCAL TAXES

"Notwithstanding the provisions of Article 38 of the Supplemental Provisions (GSA Form 1424), the Contract price excludes all State and local taxes levied on or measured by the Contract or sales price of the services or completed supplies furnished under this Contract. Taxes excluded from the Contract price pursuant to the preceding sentence shall be separately stated on IBM's invoices and the Government agrees either to pay to IBM amounts covering such taxes or to provide evidence necessary to sustain an exemption

Richard M. Roberts, Esquire, Acting Assistant Attorney General,
Tax Division, Department of Justice

TITLE

"Title to Equipment rented under this Contract (including Equipment for which there is a Single Use-Charge) shall remain with IBM. Special features for installation on rented Machines, except for those special features noted in the Price List as available for purchase only, must be rented. Cases or other property furnished without charge by IBM for shipping purposes are to remain IBM's property and will be returned at the time mutually agreed to by the Government and IBM."

However, please note that IBM has informally advised us that they do not intend to pass the Fairfax County tax on to the customer (CIA), but will charge it off as a general expense. Thus, there apparently will be no question to present to GSA at this time.

CIA also occupies certain premises in Arlington County, Virginia, under lease agreements with private owners. We would appreciate your further opinion as to the tax status of computer or other equipment leased to the Agency by companies such as IBM and located in such private rental properties.

STATINTL
STATINTL
[redacted] of my Office has had a preliminary discussion of this matter with Mr. Messner of your Office, and if there is anything we can do to further assist you in the resolution of the questions presented, please do not hesitate to contact [redacted] on code 143, extension [redacted] STATINTL

Your assistance in this matter is indeed appreciated.

Sincerely,

LS
Lawrence R. Houston
General Counsel

cc: DD/S (2), w/attach. A thru J

Distribution:

- Orig. & 1 - Addressee, w/attach. A thru J
2 - OGC, w/attach. A thru J
1 - OL Files (Official), w/
attach. A thru J
1 - OL/OGC, w/attach. A thru J

Approved For Release 2003/05/21 : CIA-RDP78-01092A000100020001-7

STAT
STAT
OL/OGC: [redacted]:bms [redacted] (22 Dec. 65)

30 DEC 1965

Richard M. Roberts Esquire
Acting Assistant Attorney General
Tax Division
Department of Justice
Washington, D. C. 20530

Attention: Mr. William Messer

Dear Mr. Roberts:

The Director of Central Intelligence has requested that there be referred to the Department of Justice the question as to whether or not the County of Fairfax, Virginia, may properly assess personal property taxes against equipment leased by the International Business Machines Corporation (IBM) to the Central Intelligence Agency (CIA) and used at its Headquarters near Langley, Virginia, in Fairfax County. As a corollary to this and assuming the tax may be assessed properly against IBM, we would further inquire as to whether or not IBM could properly pass this tax on to CIA as a proper charge against the rental contract.

The "discovery" by IBM of its liability for the tax in question was aired in the local newspapers, and copies of pertinent articles published in the Washington Post and the Alexandria Gazette are attached (Attachments A and B). An interesting angle of the Gazette article is that it presents the distinct possibility that equipment leased to the Commonwealth of Virginia and located in Fairfax County has not been taxed, thus raising the further possibility of an unequal or discriminatory application of the tax in question.

For your information, we enclose Fairfax County letter of 19 August 1965 to IBM (Attachment C) and their reply of 5 November 1965 (Attachment D). For your further information and as may be seen from copies of the enclosed correspondence, IBM's local attorneys, Covington and Burling, have given an opinion to the effect that IBM is liable for the tax (Attachment E). IBM advises that the computers on which they have paid taxes are rented to Fairfax County School Board and to the County Tax Department. A copy of the IBM letter to the County pertaining to tax liability is enclosed (Attachment F). Based on this evaluation, assuming it is acceptable, Fairfax County will present a tax bill to IBM.

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Richard M. Roberts, Esquire, Acting Assistant Attorney General,
Tax Division, Department of Justice

Attachments:

- A - Washington Post Article
- B - Alexandria Gazette Article
- C - Letter to IBM dated 19
August 1965
- D - Letter to Fairfax County
dated 5 November 1965
- E - Opinion of IBM Attorneys
- F - IBM letter to Fairfax
County pertaining to
Tax Liability
- G - Letter to Governor Almond
dated 28 July 1961
- H - Letter to Governor Almond
dated 28 July 1961
- I - Deed of Condon
- J - Typical Contract with IBM

TAB

Tax Windfall of 'Many Thousands'

Fairfax Revenue Collector Penetrates CIA and Finds Hoard of Computers

By Lon Tuck

Washington Post Staff Writer

It may just have been an offday for the comptroller, but the intrepid revenue collector of Fairfax County has penetrated the CIA.

And underneath the cloak of secrecy that protects the Nation's biggest secrets, he has uncovered an accumulation of "many thousands" in unpaid tax dollars.

Only yesterday did the first details begin to emerge of how agents of Fairfax County, where the spy center is located, launched their own undercover investigation of the Central Intelligence Agency and found hoarded riches.

Computer Complex

Lacking the glamour of most undercover episodes, the target of their mission was the huge and undeclared complex of computers in the McLean espionage agency that has started automating the secret agent's job in the age of technology.

The Fairfax spy effort started several months ago with a hunch of Philip M. Dearborn, County Budget Director, who was looking over the personal property tax information filed by International Business Machines Corp., the giant of the computer world.

The IBM money was welcome, but with CIA in the County, Dearborn was convinced that the tax return was too small to include revenues from computers of the spy agency, which is Fairfax's biggest employer. He knew that the CIA computers could not be taxed if they belonged to the Federal Government, but if CIA had taken them under IBM's customary sys-

tem of leasing its equipment, Dearborn reasoned that the County might be in for a financial windfall.

Contacting the Tax Assessor's office, Dearborn immediately set out to find how many computers CIA has and whether they are leased—information that isn't exactly public.

A Fairfax official (who asked not to be named) sent an inquiry to IBM and, to her surprise, a prompt reply told her how much equipment IBM leases to CIA and acknowledged that not a cent of personal property tax had ever been paid to Fairfax on the machines.

After a Nov. 5 letter from IBM in which the company said it "acknowledges its responsibility and apologizes for the delay," Fairfax officials decided to collect the tax from IBM and from other business machine firms that lease equipment to the CIA.

Less Than \$100,000

County officials say law forbids release of the details of IBM's possible liability, but one informed source said the tax revenues could amount to "many thousands," including back taxes, penalties, and interest. Asked if the amount would exceed \$100,000, the source replied, "less than that."

A spokesman for IBM said yesterday that attorneys for the firm have investigated the Fairfax claim and concluded that the firm is liable because the CIA is on land where jurisdiction is shared jointly by the County and the Federal Government.

By contrast, officials in neighboring Arlington do not tax leased computers at the

Pentagon because it is a Federal reservation and considered out of their jurisdiction.

The spokesman for the District of Columbia government said it taxes "any equipment" leased to a Federal agency.

The inscrutable CIA, as always, had nothing to say about anything.

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14047

Date: NOV 18, 1965

Tax On Computers Question Opens New County Trail

By Frank Tropia
Staff Writer

Recent Fairfax County discovery of untaxed computer equipment at the super-secret Central Intelligence Agency Headquarters yesterday had supervisors right back into their own courthouse where they are running a search for untaxed specialized equipment.

The CIA "find," which estimates indicate, could result in the addition of as much as \$100,000 a year to the county revenue.

The taxes would come from provisions of the county personal property levy, which treats leased equipment such as the CIA computers as a taxable item of a "person"—the corporation.

The spy agency used the equipment leased from the national business machine Corp. and IBM Corp. according to county budget and research director, readily conceded their liability under the county statute.

DeBarbora told the supervisors yesterday that IBM was discriminatory because of the unusual status of the CIA and the highly sensitive nature of the computing machines.

Further discussion of the problem, however, revealed that IBM and other specialized manufacturers, Xerox, Addecograph and Multithin corporations, all have equipment in the county courthouse which theoretically could be taxed as personal property since it is rented to various county agencies.

The Fairfax situation is complicated because such equipment can produce taxes not to the county but to Fairfax City, the taxing jurisdiction in which the county courthouse lies.

Fairfax City Manager William DeBarbora yesterday acknowledged that he had been aware of the situation in recent days but to the best of his knowledge, no taxes from the county equipment had ever accrued to the city.

DeBarbora pointed out that IBM and other firms producing highly sophisticated machines

which are never sold to the public regularly have under contract such equipment to the private industry.

DeBarbora also told the supervisors that research into the complexities of the venture has uncovered a problem "perhaps more far reaching than we at first realized."

He said that more discussion between the local jurisdictions and the federal government was called for. The budget official also said he was bringing the matter to the attention of the "Advisory Commission on Intergovernmental Relations" to get into the "legal and factual status of rented equipment in government installations."

"When we first went into the matter," DeBarbora said, "we had no idea whether or not we could collect—it just so happened that IBM's attorneys agreed we could."

DeBarbora said he also hoped the supervisors would urge the federal government to require agencies to report the names and addresses of the companies from which they rent equipment so that we can follow up on this matter.

"We know," he said, "that the CIA, for instance, rents very specialized equipment from agencies that are so secret that we don't even know their names and addresses. We have little chance unless the agencies voluntarily disclose this information."

It was also suggested that as new agencies of the federal government come into the county, deeds to the land should be constructed in such a legal manner that "private property is subject to local taxation."

DeBarbora said attorneys have told him that the reason why IBM conceded its liability in the CIA case was largely because of the way that deed was written. The Pentagon—another major government installation—for instance, is not in a category because the deed on which it is built has been declared "a government reservation."

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COMMONWEALTH OF VIRGINIA
COUNTY OF FAIRFAX
FAIRFAX, VIRGINIA 22030

August 12, 1965

JOHN W. FERGUSON, SUPERVISOR
DEPARTMENT OF ASSESSMENTS

Mr. N. O. Kaufmann, Manager
Excise and Property Tax Department
International Business Machines Corporation
590 Madison Avenue
New York 22, New York

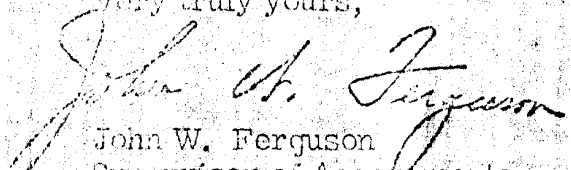
Dear Mr. Kaufmann:

In reviewing the personal property tax returns filed by your corporation, I am unable to locate a return for the C. I. A. Building, Langley, in Fairfax County.

It is my understanding that you have an installation there and I would very much appreciate hearing from you as to its omission from your return.

Appreciating your cooperation in the past, I am

Very truly yours,


John W. Ferguson
Supervisor of Assessments

MHE:aw

TAB

November 5, 1965

Mr. John W. Ferguson, Supervisor
Dept. of Assessments
County of Fairfax
Fairfax, Va. 22030

Dear Mr. Ferguson:

This is in response to your letters dated August 19 and September 30 concerning machines installed in the CIA building, Langley, in Fairfax County.

Our customer has requested that we do not furnish you with details concerning each of the machines installed in the building. We are, however, able to submit the Total Cost New value for each of the Years of Manufacture in accordance with your method of assessment. We trust that this will be satisfactory, and we can attest to the fact that the summary figures submitted below are an accurate accounting of the machines installed at this location.

<u>Year of Manufacture</u>	<u>Cost</u>	<u>Percent Assessment</u>	<u>Net Evaluation</u>
1964	\$ 76,340.29	60	\$ 46,195.
1963	330,736.36	50	190,370.
1962	311,194.42	40	124,480.
1961	100,035.05	30	30,011.
1960 & prior	247,336.03	20	49,467.
TOTAL	1,113,241.15		440,522.

We apologize, both for our omission of this property from our original returns, and also for the delay in responding to your letters. We will be pleased to honor your tax statements covering this property as soon as it is submitted to us; and for this purpose, we enclose a business reply envelope.

Very truly yours,

N. O. Kaufmann, Manager
Excise and Property Tax Dept.

TAB

COVINGTON & BURLING

UNION TRUST BUILDING

WASHINGTON, D. C. 20005

TELEPHONE 7-5900

September 17, 1965

Mr. John M. Grohowski
Excise and Property Tax Department
International Business Machines
Corporation
Armonk, New York 10504

Re: CIA Building, McLean, Virginia

Dear Mr. Grohowski:

We have been advised by Mr. Lansdale in the General Counsel's office of the CIA that the United States exercises only concurrent jurisdiction over the CIA property in McLean, Virginia. This situation results from an exchange of letters between the Governor of Virginia and the head of the CIA who, at the time of the exchange of letters, was Allen Dulles.

We did not discuss with Mr. Lansdale the problem of obtaining information as to the specific number of machines which the CIA has installed at the building in McLean. Please let us know if you need any further assistance in this connection.

As you are undoubtedly well aware, the fact that the United States exercises only concurrent jurisdiction over the CIA property means that IBM's machines installed thereon are subject to personal property taxes of the State of Virginia.

Sincerely yours,

Robert E. O'Malley

Robert E. O'Malley

TAB

Mr. John W. Ferguson
Supervisor of Assessments
County of Fairfax
Fairfax, Virginia 22030

Dear Mr. Ferguson:

Your letter of November 19, 1965 requested that we review cost figures for machines located at the C. I. A. Building, Langley, as of January 1, 1962, 1963 and 1964. We regret the delay in replying to your inquiry sooner; however, a very considerable amount of work was involved in compiling the information, and this has just been made available to us.

The following facts are submitted for your consideration:

- a) As of January 1, 1962, no machines were on installation in the C. I. A. Building.
- b) The inventory as of January 1, 1963 was as follows:

<u>Year of Manufacture</u>	<u>Cost</u>	<u>Assessment %</u>	<u>Net Assessment Valuation</u>
1962	\$228,567.44	60	\$137,140
1961	135,326.18	50	67,665
1960	92,170.62	40	36,870
1959	9,390.14	30	2,820
1958 & Prior	180,230.69	20	36,050
	<u>\$645,685.07</u>		<u>\$280,545</u>

- c) The inventory as of January 1, 1964 was as follows:

<u>Year of Manufacture</u>	<u>Cost</u>	<u>Assessment %</u>	<u>Net Assessment Valuation</u>
1963	\$ 491,309.91	60	\$294,790
1962	306,689.17	50	153,345
1961	100,650.98	40	40,260
1960	96,109.93	30	28,835
1959 & Prior	179,874.13	20	35,975
	<u>\$1,174,634.12</u>		<u>\$553,205</u>

-3-

We believe that you will find this data self-explanatory. However, if we can be of further assistance to you, please do not hesitate to let us know.

Very truly yours,

N. O. Kaufmann, Manager
Excise & Prop. Tax Dept.

NOK:lh

TAB

28 JUL 1961

Honorable J. Lindsay Almond, Jr.
Governor of Virginia
Richmond, Virginia

Dear Governor Almond:

There is presently nearing completion near Langley in Fairfax County in the Commonwealth of Virginia, an office building which will be the new headquarters building for the Central Intelligence Agency. This building is situated on land which is particularly described in attachment A.

There is enclosed as attachment B a drawing made by the Bureau of Public Roads of the land described in attachment A which comprises Parcels A and B in the drawing and the narrow strip between the two parcels.

This is to give formal notice that pursuant to authority granted by Section 255 of Title 40 of the U. S. Code, I hereby accept on behalf of the United States, with respect to this land, the limited jurisdiction which is vested by the Commonwealth of Virginia under the provisions of Section 7-22 of the Code of Virginia (1950). This acceptance is effective at 3:30 P.M. on 31 July 1961. Please return the enclosed copy of this letter indicating receipt by your office over your endorsement. An addressed envelope is enclosed for your convenience.

I want you to know that we in the Agency look forward to being located in Virginia and to tell you that the officials of the Commonwealth have been universally cooperative in assisting

me and my staff in overcoming the myriad of problems that, of necessity, arise in connection with such a large project. It is my hope that you and Attorney General Gray will have the opportunity of paying me a visit at the new headquarters after we are settled,

With all good wishes,

Sincerely,

SIGNED

Allen W. Dulles
Director

Attachments:

- A. Description of Land
- B. Drawing of AOW-GWV-30

TAB

28 JUL 1961

Honorable J. Lindsay Almond, Jr.
Governor of Virginia
Richmond, Virginia

Dear Governor Almond:

On 28 July of this year I wrote to advise you that under the authority granted me by Section 235 of Title 40 of the U. S. Code, I accepted on behalf of the United States, limited jurisdiction ceded by the Commonwealth of Virginia under the provisions of Section 7-21 of the Code of Virginia (1950).

In addition, security considerations surrounding the work of the Central Intelligence Agency make it imperative that the United States have concurrent jurisdiction over crimes and offenses committed on our Langley property. Accordingly, there is transmitted herewith a Deed of Cession drawn up pursuant to the provisions of Section 7-24 of the Code of Virginia (1950). I would appreciate it if you and Attorney General Gray would execute this deed, assuming it to be in order, and return it to me for execution and recording in Fairfax County. After recording, we will return authenticated copies to you. Pending this action, you may wish to retain the enclosed extra copy.

Since we plan to begin moving into the new building about 15 August of this year, it would be appreciated if the Deed of Cession could be returned prior to that date. There is enclosed a self-addressed envelope for your convenience.

With all good wishes,

Sincerely,

Allen W. Dulles
Director

Enclosure:
Deed of Cession (2 copies)

TAB

20621

DEED 2039 PAGE 653

DEED OF CESSION

KNOW ALL MEN BY THESE PRESENTS, that whereas, the United States has acquired and now holds the hereinafter described lands within the limits of the Commonwealth of Virginia, as a site for a Federal office building in Fairfax County, Virginia, to be used as the headquarters of the Central Intelligence Agency; and

WHEREAS, the United States by letter dated 28 July 1961 from the Director of Central Intelligence to the Governor of the Commonwealth of Virginia, the Director of Central Intelligence has accepted on behalf of the United States the limited jurisdiction ceded by Sec. 7-21 of the Code of Virginia (1950) over such lands; and

WHEREAS, the United States desires, in addition, to acquire concurrent jurisdiction over crimes and offenses committed on such lands; and

WHEREAS, under the provisions of Sec. 7-24 of the Code of Virginia (1950), the Governor and Attorney General of the Commonwealth of Virginia, upon application made to them in writing on behalf of the United States for that purpose, are authorized on the part of the Commonwealth to cede to the United States concurrent jurisdiction over crimes and offenses committed on such lands; and

WHEREAS, application has been made in writing on behalf of the United States for such cession;

NOW THEREFORE, we J. Lindsay Almond, Jr., and Frederick Gray, as Governor and Attorney General, respectively, of the Commonwealth of Virginia, in the name of and on behalf of the Commonwealth, and in

STATINTL

Sept. 5, 1961-Ref.
2430 'E' Street
225 East Building
Washington, D.C.

BOOK 2039 PAGE 654

accordance with the laws of the Commonwealth, do hereby cede unto the United States of America concurrent jurisdiction over crimes and offenses committed on those certain lands situate in the County of Fairfax, Commonwealth of Virginia, more particularly described as follows:

A tract of land lying and being in the County of Fairfax, Commonwealth of Virginia, more particularly described as follows: Beginning at a point on the north side of Leesburg Road also known as Chain Bridge Road (Virginia Route 123), said point being the initial point of Parcel 3 of the land conveyed by Juliette Leiter and others to the United States of America and recorded in Liber J No. 14 Folio 397 of the Land Records of Fairfax County, Virginia; as indicated on the attached plat entitled: Land to be transferred from the Bureau of Public Roads to the Central Intelligence Agency, near Langley Corners, Fairfax County, Virginia, Revised February 1, 1957; thence with the north line of said Leesburg Road North 74 degrees 36 minutes 01 seconds west 274.38 feet to a point; thence north 16 degrees 50 minutes east 1740.36 feet; thence north 73 degrees 05 minutes 35 seconds west 277.45 feet; thence south 16 degrees 53 minutes 24 seconds west 156.97 feet; thence north 73 degrees 05 minutes 36 seconds west 320.85 feet; thence south 16 degrees 53 minutes 24 seconds west 14.98 feet; thence north 73 degrees 06 minutes 36 seconds west 260 feet; thence north 16 degrees 53 minutes 24 seconds east 1508.08 feet; thence north 20 degrees 04 minutes 49 seconds east 87.55 feet; thence north 16 degrees 59 minutes 36 seconds east 1405.00 feet; thence north 89 degrees 19 minutes 22 seconds east 724.17 feet to a point; thence south 23 degrees 36 minutes 16 seconds east 66.48 feet to a point; thence south 49 degrees 13 minutes 46 seconds east 1329.27 feet; thence south 07 degrees 28 minutes 38 seconds east 1235.21 feet; thence north 73 degrees 07 minutes west 702.84 feet; thence south 16 degrees 51 minutes 37 seconds west 1034.82 feet; thence north 73 degrees 10 minutes west 581.50 feet; thence south 16 degrees 04 minutes 30 seconds west 529.95 feet; thence north 73 degrees 07 minutes 30 seconds west 98.90 feet; thence south 16 degrees 03 minutes 23 seconds west 1452.69 feet to the point of beginning, and containing 138.156 acres, more or less.

PROVIDED, that the Commonwealth of Virginia shall retain jurisdiction concurrent with the United States, so far that all process, civil and criminal, issuing under the authority of the Commonwealth may be executed

RECORDED 2039 PAGE 655

by the proper officers thereof upon any person amenable to the same within the limits of the above described lands, and PROVIDED further in the event that the said lands or any part thereof shall be sold or leased to any private individual, or any association or corporation, under the terms of which sale or lease the vendee or lessee shall have the right to conduct thereon any private industry or business, then the jurisdiction ceded to the United States over any such land so sold or leased shall cease and determine, and thereafter the Commonwealth of Virginia shall have all jurisdiction and power she would have had if no jurisdiction or power had been ceded to the United States. This provision, however, shall not apply to post exchanges, officers' clubs, and similar activities on said lands.

IN TESTIMONY WHEREOF, pursuant to the authority conferred upon them by Section 7-24 of the Code of Virginia (1950) J. Lindsay Almond, Jr., Governor of the Commonwealth of Virginia, and Frederick Gray, Esquire, Attorney General of said Commonwealth of Virginia, have hereunto set their hands and caused the lesser seal of the Commonwealth of Virginia to be affixed hereunto and attested by the Secretary of the Commonwealth, this

31 day of July, 1961.

J. Lindsay Almond, Jr.
Governor of Virginia

Frederick T. Gray
Attorney General of Virginia

(SEAL)

ATTEST:

Martha Lee Cannon
Secretary of Commonwealth

BOOK 2039 PAGE 656

COMMONWEALTH OF VIRGINIA)
CITY OF RICHMOND) to wit:

I, Wilson Warren, a Notary Public in and for the
City of Richmond in the Commonwealth of Virginia, do hereby certify that
J. Lindsay Almond, Jr., and Frederick Gray, whose names are signed to the
foregoing writing bearing date on the 31st day of July
1961, as Governor and Attorney General, respectively, of the Commonwealth
of Virginia, have acknowledged the same before me in my city aforesaid.

Given under my hand this 9th day of August, 1961.

Wilson Warren

Notary Public

(SEAL)

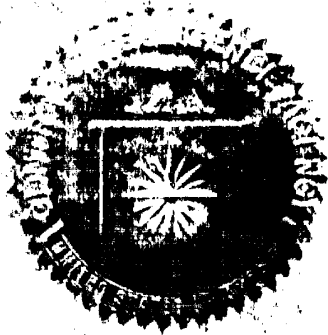
My Commission expires February 25 1963.

REF ID: A6672039 PAGE 657

Pursuant to and in accordance with the provisions of Section 255 of Title 40 of the U. S. Code, Allen W. Dulles, Director of Central Intelligence on behalf of the United States of America, does hereby accept the jurisdiction hereinabove ceded to the United States as is evidenced by his execution and acknowledgment of this instrument.

IN TESTIMONY WHEREOF said Allen W. Dulles as Director of Central Intelligence, pursuant to the authority conferred by Section 255 of Title 40 of the U. S. Code has hereunto set his hand and seal of the Central Intelligence Agency, this 18th day of August, 1961.


Allen W. Dulles
Director



UNITED STATES OF AMERICA }
DISTRICT OF COLUMBIA } SS

I, Thomas C. Hogan, a Notary Public in and for
the District of Columbia, do hereby certify that Allen W. Dulles whose
name is signed to the foregoing writing bearing date on the 18th day of
August, 1961, as Director of Central Intelligence, has
acknowledged the same before me in my District aforesaid.

Given under my hand this 18th day of August, 1961.

Thomas C. Hogan
Notary Public



(SEAL)

My Commission expires 31 May, 1964.

Received for record on the _____ day of _____, A.D.,
1961, at _____ O'clock _____ M., and recorded in Deed Book _____
page _____, of the Land Records of _____
Virginia, and examined by:

Clerk

In the Clerk's Office of the Circuit Court of
Fairfax County, Virginia AUG 23 1961 11:21 AM.
This instrument was received and, with the
certificate annexed, admitted to record

Tests:

Thomas C. Hogan
Clerk

TAB

PREPARED BY GPS/FBB/SAB		REFERENCE (QUOTATION/CONTRACT/INVOICE/REQUEST NO.) 63-003-54453 6/30/65		THIS NUMBER MUST APPEAR ON ALL PACKAGES AND TRUCKS 66-RENTAL-5		PAGE NO. 1 NO. OF PAGES 2	
RECEIVING REMARKS: <div style="text-align: center;">X</div>		DATE OF ORDER/CONTRACT 1 JULY 1965		BUREAU VOUCHER NO.		BUREAU SCHEDULE NO.	
TO: (Contractor and Address) INTERNATIONAL BUSINESS MACHINES CO. 1120 CONNECTICUT AVENUE, N. W. WASHINGTON, D. C.				MAIL INVOICE TO: OFFICE OF FINANCE CENTRAL INTELLIGENCE AGENCY WASHINGTON, D. C.			
SHIP TO: (Consignee and Address) S-E-E B-E-L-O-W				ISSUING OFFICE (Address Inquiries to) PROCUREMENT DIVISION, CIA WASHINGTON, D. C. 20505			
IMPORTANT: (Please comply with Identification & marking instructions para. 12, reverse).				STATINTL			
DATE(S) OF DELIVERY SEE BELOW		DISCOUNT TERMS NET		DELIVERY F. O. B. DESTINATION X		OTHER (AS SPECIFIED IN SCHEDULE)	
SCHEDULE							
ITEM NO.	SUPPLIES OR SERVICES	UNIT	QUANTITY (No. of Units)	UNIT PRICE	AMOUNT	QUANTITY RECEIVED	
	SPECIAL ITEM NO. 132-1 AND 3 RENTAL OF EQUIPMENT AS DESCRIBED BELOW, IN ACCORDANCE WITH THE PROVISIONS HEREINAFTER SET FORTH. PERIOD OF RENTAL - 1 JULY 1965 THROUGH 30 JUNE 1966 EQUIPMENT/TYPE/CLASS - SERIAL NUMBER SEE ATTACHMENT "A" WHICH IS MADE A PART HEREOF. (ALL EQUIPMENT HAS BEEN DELIVERED AND INSTALLED EXCEPT AS OTHERWISE NOTED.) LOCATION OF EQUIPMENT/CONSIGNEE ROOM GC 47 CIA, HEADQUARTERS BUILDING MCLEAN, VIRGINIA TERMS OF USE - AS PROVIDED UNDER PARAGRAPH 5, OF REFERENCED CONTRACT.						
				AUTHORIZED TECHNICAL REPRESENTATIVE ADMIN. OFFICER <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>			
				STATINTL			
DATE RECEIVED		RECEIVING PIECES		SHIPMENT NUMBER: PARTIAL <input type="checkbox"/> FINAL <input type="checkbox"/>		TOTAL AMOUNT	
WEIGHT		CUBE		INVOICE NO.		INSPECTION REMARKS	
CARRIER		I CERTIFY THAT THE SUPPLIES OR SERVICES LISTED IN QUANTITY ACCEPTED COLUMN HAVE BEEN RECEIVED AND ACCEPTED.					
DATE		RECEIVED BY					
TECH. INSPECTION Accepted <input type="checkbox"/> Rejected <input type="checkbox"/>		SIGNATURE OF INSPECTOR					
TO BE INSPECTED BY		PROCURED AS S. C.					
NAME - ROOM - BUILDING		STATION NO.		VIA		No. Dealers No. Bids Rec'd. Awarded To Lowest Bidder As To Price & Experience YES <input type="checkbox"/> NO <input type="checkbox"/> Statement Attached	
STOCK		ALLOCATION NO.		SHIPMENT		PURSUANT TO SEC. 3(a) PL 81-110, 1949 AND APPLICABLE AGENCY REGULATION	
SEA		AIR		POUCH		PUBLIC AGENCY IMPRACTICAL TO SECURE COMPETITION	
TRUCK		OTHER (Specify)		SHOULD NOT BE PUBLICLY DISCLOSED		PUBLIC AGENCY	
MORANDUM RECEIVING CERTIFICATION - OFFICE OF FINANCE TO FORWARD EACH INVOICE TO AUTHORIZED REPRESENTATIVE ABOVE FOR VERIFICATION AND CERTIFICATION THEREON THAT SERVICES WERE PERFORMED. DISCREPANCIES TO BE REFERRED TO CONTRACTING OFFICER.							

CONTINUATION SHEET

THIS ORDER IS APPLICABLE ON	PAGE NO.	NO. OF PAGES
ORDER CONTRACT NO.		
CONTRACT NO.		

SCHEDULE

ITEM NO.	SUPPLIES OR SERVICES	UNIT	QUANTITY (NO. OF UNITS)	UNIT PRICE	AMOUNT	AMOUNT BILLED
----------	----------------------	------	-------------------------	------------	--------	---------------

BILLING - INVOICE - INVOICE TO BE SUBMITTED ON A MONTHLY BASIS. EACH INVOICE MUST SHOW THE ORDER/CONTRACT NUMBER, SERIAL NUMBER(S) OF THE EQUIPMENT AND PERIOD OF RENTAL.

MAINTENANCE - REPAIR - CONTRACTOR SHALL MAINTAIN THE EQUIPMENT IN GOOD OPERATING CONDITION. ALL COST FOR MAINTENANCE - REPAIR WILL BE BORNE BY THE CONTRACTOR, EXCEPT SERVICES THAT ARE DUE TO FAULT OR NEGLIGENCE ON THE PART OF THE GOVERNMENT, AND ALL SUPPLY TYPE ITEMS. PREVENTATIVE MAINTENANCE, IF ANY, SHALL BE PERFORMED AT A SCHEDULE WHICH IS MUTUALLY ACCEPTABLE TO THE TECHNICAL REPRESENTATIVE HEREOF AND CONTRACTOR. REMEDIAL MAINTENANCE OR REPAIRS SHALL BE PROVIDED UPON NOTIFICATION BY THE TECHNICAL REPRESENTATIVE HEREOF THAT EQUIPMENT IS INOPERATIVE AND CONTRACTOR SHALL BE RESPONSIVE TO SUCH REQUIREMENTS WITHIN A REASONABLE LENGTH OF TIME.

SECURITY REQUIREMENTS - THE BUILDINGS AND SITES WHEREIN THE EQUIPMENT UNDER THE ORDER/CONTRACT IS OR WILL BE LOCATED, IS UNDER STRICT SECURITY CONTROL. ALL PERSONS GRANTED ACCESS TO PREMISES IN CONNECTION WITH THE PERFORMANCE OF THE ORDER/CONTRACT WILL BE SUBJECT TO ESPIONAGE OR OTHER FEDERAL LAWS RELATING TO IMPROPER DISCLOSURE OF CLASSIFIED INFORMATION. ALL PERSONNEL ASSIGNED BY THE CONTRACTOR TO PERFORM MAINTENANCE OR OTHER SERVICES MUST BE U. S. CITIZENS.

IN ADDITION, SUCH PERSONNEL WILL BE SUBJECT TO A SECURITY CHECK AND APPROVAL BY THE GOVERNMENT PRIOR TO THE BEGINNING OF ANY WORK. CONTRACTOR MUST FURNISH TO THE GOVERNMENT, AS IS NECESSARY, BIOGRAPHIC DATA AND OTHER INFORMATION AS MAY BE REQUIRED FOR ALL SUCH PERSONNEL AND WILL CO-OPERATE IN ALL SECURITY MATTERS WHICH MAY ARISE RELATING TO THE ORDER/CONTRACT. THE TECHNICAL REPRESENTATIVE HEREOF SHALL BE RESPONSIBLE FOR CO-ORDINATING WITH THE CONTRACTOR ANY AND ALL SECURITY MATTERS.

AMENDMENTS AND CHANGES - THE ORDER/CONTRACT MAY BE AMENDED DURING ITS DURATION BY FORM LETTER, AND SUCH LETTERS WILL BE CONSIDERED AN AUTHORIZATION FOR DELIVERY AND INSTALLATION OF ADDITIONAL EQUIPMENT OR DISCONTINUATION OF EQUIPMENT. PAYMENT FOR SUCH CHANGES SHALL BE ON A PRORATED BASIS, WITH THE INCREASE OR DECREASE EFFECTIVE THE DAY FOLLOWING THE INSTALLATION OR DISCONTINUATION.

ALTERATIONS - RELOCATION - NO ALTERATIONS TO THE EQUIPMENT NOR THE REMOVAL THEREOF FROM THE STATED LOCATION IS TO BE MADE EXCEPT AS PROPERLY AUTHORIZED BY WRITTEN AUTHORIZATION.

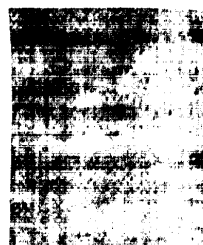
PRIORITY RATING - D. O. RATING C-9 SHALL APPLY TO THE ORDER/CONTRACT, AS WELL AS ANY CHANGES OR ADDITIONS REQUESTED VIA LETTER AUTHORIZATION.

TRANSPORTATION AND INSTALLATION - TRANSPORTATION CHARGES FOR THE SHIPMENT OF EQUIPMENT TO THE GOVERNMENT AND FOR THE RETURN THEREOF TO THE CONTRACTOR SHALL BE PAID BY THE GOVERNMENT (REFERENCE - APPLICABLE PROVISION OF CONTRACT). ALL SHIPMENT TO THE GOVERNMENT UNDER THE ORDER SHALL BE ON A PREPAID BASIS, AND THE COST THEREOF TO BE BILLED UNDER A SEPARATE INVOICE, WITH A COPY OF THE WAYBILL FURNISHED SUBSTANTIATING THE COST. SUPERVISION OF PACKING, UNPACKING AND PLACEMENT OF MACHINES TO BE FURNISHED BY THE CONTRACTOR. EACH SHIPMENT IS TO BE MARKED WITH THE ORDER NUMBER AS WELL AS CONTRACTOR CUSTOMER ORDER NUMBER AND THE CONSIGNEE IS TO BE THAT SHOWN ABOVE UNLESS OTHERWISE SPECIFIED IN LETTER AUTHORIZATION.

ESTIMATED AVERAGE MONTHLY RENTAL

ESTIMATED AVERAGE YEARLY RENTAL

EXTRA USE & SINGLE USE CHARGE



TAB

CONFIDENTIAL

06C65-4273

3 DEC 1965

MEMORANDUM FOR: General Counsel

SUBJECT : Local Tax Assessment on Agency Leased
Equipment

1. Attached is a report from the Director of Logistics indicating those firms that have rented equipment to the Agency, which equipment is located in Agency facilities in Virginia and subject to Personal Property Tax.
2. It is requested that action be taken to arrange with the Fairfax County Tax Supervisor that there be no further publicity concerning equipment rented from these companies.
3. The DCI in an Executive Committee meeting requested that the matter of Fairfax County authorities assessing Personal Property Tax against firms renting equipment to Federal locations be taken up with the Department of Justice to determine whether this action by the County authorities is proper and within their authority. It is requested that you resolve this aspect.

[Redacted Signature Box]

R. L. Bannerman
Deputy Director
for Support

25X1A

cc: Director of Security w/att

Att: Memo dtd 24 Nov 65 to DD/S
fr D/Log, same subj. w/att

CONFIDENTIAL

GROUP 1
Excluded from automatic
downgrading and
declassification

TAB

CONFIDENTIAL

DDIS 65-5664
OGC 65-4273

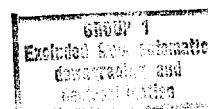
24 NOV 1965

MEMORANDUM FOR: Deputy Director for Support

SUBJECT: Local Tax Assessment on Agency leased equipment

1. This memorandum is for information and consideration in connection with local taxes on Agency leased equipment.
2. The County of Fairfax publicized the assessment of a personal property tax on equipment leased to the Agency by the International Business Machines Corporation and installed in the CIA Building at Langley. The attached documents (Attachments A-H) establish the chronology of events between the contractor and the County of Fairfax. Upon the completion of the events noted, the Fairfax County Supervisor, Mr. Ferguson, called a press conference which resulted in the publication of the news article.
3. A review has been made of leased equipment under unclassified contracts and the attached listing (Attachment I) identifies the equipment and the location. These various equipments are located not only in the Headquarters building but elsewhere and may be subject to the like assessments and publicity.
4. In addition to the above, a number of leased equipments are in the hands of contractors and in cover installations under Agency sterile contracts. These do not pose a present problem inasmuch as the classification precludes disclosure without prior authorization by the Contracting Officer.
5. The situation concerning the County of Fairfax and the Headquarters complex seems to warrant at least an informal approach to the county authorities to obtain an understanding regarding public disclosure of matters affecting the Agency.

CONFIDENTIAL




Subject: Local Tax Assessment on Agency leased equipment

The present publicity appears definitely to have violated the Virginia code Title 58 Section 46 which is designed to protect against the disclosure of tax information. Further, since other contractors have furnished leased equipment to the Headquarters Building, like information will be required for a tax assessment by the county which should not be publicly disclosed except as provided by statute.

6. In addition to the Fairfax jurisdiction, leased equipment is installed in other tax jurisdictions and political subdivisions as indicated in Attachment I. These may also be potential publicity areas depending upon the local tax assessment requirements.

7. It is recommended that this problem be worked out between the Public Relations Office and the Office of General Counsel with the Fairfax County Tax authorities. The information to be revealed by the Agency on a confidential basis with the proviso that no public disclosures will be made.


GEORGE E. MELOON
Director of Logistics

25X1A

Attachments:

- A.- Ltr. to IBM dtd. 8/19/65
- B.- Ltr. to Fairfax County
Tax authorities dtd.
9/1/65
- C.- Ltr. to IBM dtd. 9/17/65
- D.- IBM Internal memo dtd.
10/22/65
- E.- Ltr. to IBM dtd. 10/7/65
- F.- Ltr. to Fairfax County
Tax authorities dtd.
11/5/65
- G.- News clipping
- H.- Memo for the Record
from AGC dtd. 10/6/65
- I.- Listing of Leased equip.
and location

Subject: Local Tax Assessment on Agency leased
equipment

CONCURRENCE:

[Redacted Signature Box]

Assistant General Counsel

24 NOV 1965

Date

TAB

COMMONWEALTH OF VIRGINIA
COUNTY OF FAIRFAX
FAIRFAX, VIRGINIA 22030

August 19, 1965

JOHN W. FERGUSON, SUPERVISOR
DEPARTMENT OF ASSESSMENTS

Mr. M. O. Kaufmann, Manager
Excise and Property Tax Department
International Business Machines Corporation
590 Madison Avenue
New York 22, New York

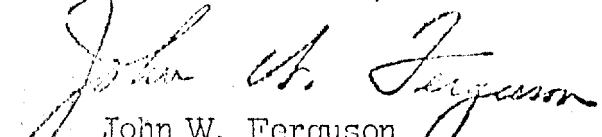
Dear Mr. Kaufmann:

In reviewing the personal property tax returns filed by your corporation, I am unable to locate a return for the C. I. A. Building, Langley, in Fairfax County.

It is my understanding that you have an installation there and I would very much appreciate hearing from you as to its omission from your return.

Appreciating your cooperation in the past, I am

Very truly yours,


John W. Ferguson
Supervisor of Assessments

MHE:aw

TAB

September 1, 1965

Mr. John W. Ferguson
Supervisor of Assessments
County of Fairfax
Falls Church, Virginia 22030

Dear Mr. Ferguson:

Thank you for your letter dated August 19 concerning our
Fairfax County personal property tax return.

We are working on the problem and will write to you further
when we have obtained the necessary information.

Very truly yours,

N. O. Kaufmann, Manager
Excise & Prop. Tax Dept.

NON:FLCHd

TAB

September 17, 1965

TAB

IBM CONFIDENTIAL

FEDERAL REGION
SCIENTIFIC AND SPECIAL OPERATIONS
WASHINGTON, D. C.

October 22, 1965

MEMORANDUM

TO: Mr. John Grohowski

SUBJECT: DP Equipment installed in Fairfax County, Virginia

Attached are copies of the January 1965 invoices reflecting the information you requested.

It is my understanding that you will give Fairfax County only the Total Amounts involved, and will not furnish detailed machine information.

My apology for the delay. Please contact me if you have any further questions.


R. Roberts
Administrative Operations Manager

RR:jd

cc: Mr. C. M. Lockerby
Mr. G. L. Addicott

Enclosures

TAB

VIRGINIA NATIONAL BANK BUILDING
NORFOLK, VIRGINIA 23510
MAISON 7-1001
AREA CODE 703

October 7, 1964

VIRGINIA BEACH OFFICE
3115 PACIFIC AVENUE
VIRGINIA BEACH, VA.
GARDEN B-3707

Mr. Harold Bernt
Excise & Property Tax Department
International Business Machines Corporation
Armonk, New York 10504

Dear Mr. Bernt:

In response to your letter of October 2, 1964, requesting our advice as to the law of the State of Virginia with reference to the secrecy of information furnished to taxing authorities, I enclose herewith a copy of Virginia Code Section 58-46.

It is our experience that this Code provision is rigidly adhered to by the taxing authorities. In practical application, the proviso relating to the order of the Governor is of little importance. The proviso relating to "any public assessment roll or book" relates only to the Tangible Personal Property Assessment Book and the Real Estate Assessment Book. On both of these books only the total figure is set forth and no breakdown or itemization of the tangible personal property is open for inspection by any person. The proviso relating to "any act performed or works spoken or published in the line of duty under the law" is in practice limited to dealings or litigation between the individual tax payer and the State. In litigation involving third parties, officers and employees of the State have successfully refused to testify as to such information in both Federal and State Courts.

The penalty for unlawful divulgence of such information is set forth in the enclosed statute.

If the foregoing information is not entirely responsive to your inquiry, I will be glad to go into the matter further upon your request.

Very truly yours,

Toy D. Savage, Jr.
Toy D. Savage, Jr.

TDSJr:dw
Enclosure

WILLCOX, COOKE, SAVAGE & LAWRENCE

NORFOLK, VA

§58-46. Secrecy of information. - It shall be unlawful for any tax or revenue officer or employee to divulge any information acquired by him in respect to the transactions, property, income, or business of any person, firm or corporation while in the performance of his public duties. Any violation of the provisions of this section shall be punished by a fine not exceeding five hundred dollars or by imprisonment not exceeding six months or by both; provided, however, that the Governor may at any time, by written order, direct that any information herein referred to shall be made public or be laid before any court; and, provided further, that this inhibition does not extend to any matters required by law to be entered on any public assessment roll or book, nor to any act performed or words spoken or published in the line of duty under the law.

TAB

November 5, 1965

Mr. John W. Ferguson, Supervisor
Dept. of Assessments
County of Fairfax
Fairfax, Va. 22030

Dear Mr. Ferguson:

This is in response to your letters dated August 19 and September 30 concerning machines installed in the CIA building, Langley, in Fairfax County.

Our customer has requested that we do not furnish you with details concerning each of the machines installed in the building. We are, however, able to submit the Total Cost New value for each of the Years of Manufacture in accordance with your method of assessment. We trust that this will be satisfactory, and we can attest to the fact that the summary figures submitted below are an accurate accounting of the machines installed at this location.

<u>Year of Manufacture</u>	<u>Cost</u>	<u>Percent Assessment</u>	<u>Net Evaluation</u>
1964	\$ 76,989.29	60	\$ 46,195.
1963	380,736.36	50	190,370.
1962	311,194.42	40	124,480.
1961	100,035.05	30	30,010.
1960 & prior	247,326.03	20	49,465.
TOTAL	<u>1,116,281.15</u>		<u>440,520.</u>

We apologize, both for our omission of this property from our original returns, and also for the delay in responding to your letters. We will be pleased to honor your tax statements covering this property as soon as it is submitted to us; and for this purpose, we enclose a business reply envelope.

Very truly yours,

N. O. Kaufmann, Manager
Excise and Property Tax Dept.

TAB

Tax Windfall of 'Many Thousands'

Fairfax Revenue Collector Penetrates CIA and Finds Hoard of Computers

By Lon Tuck

Washington Post Staff Writer

It may just have been an off-day for the counterspies, but the intrepid revenue collector of Fairfax County has penetrated the CIA.

And underneath the cloak of secrecy that protects the Nation's biggest secrets, he has uncovered an accumulation of "many thousands" in unpaid tax dollars.

Only yesterday did the first details begin to emerge of how agents of Fairfax County, where the spy center is located, launched their own undercover investigation of the Central Intelligence Agency and found hoarded riches.

Computer Complex

Lacking the glamour of most undercover episodes, the target of their mission was the huge and undeclared complex of computers in the McLean espionage agency that has started automating the secret agent's job in the age of technology.

The Fairfax spy effort started several months ago with a hunch of Philip M. Dearborn, County Budget Director, who was looking over the personal property tax information filed by International Business Machines Corp., the giant of the computer world.

The IBM money was welcome, but with CIA in the County, Dearborn was convinced that the tax return was too small to include revenues from computers of the spy agency, which is Fairfax's biggest employer. He knew that the CIA computers could not be taxed if they belonged to the Federal Government, but if CIA had taken them under IBM's customary sys-

tem of leasing its equipment, Dearborn reasoned that the County might be in for a financial windfall.

Contacting the Tax Assessor's office, Dearborn immediately set out to find how many computers CIA has and whether they are leased—information that isn't exactly public.

A Fairfax official (who asked not to be named) sent an inquiry to IBM and, to her surprise, a prompt reply told her how much equipment IBM leases to CIA and acknowledged that not a cent of personal property tax had ever been paid to Fairfax on the machines.

After a Nov. 5 letter from IBM in which the company said it "acknowledges its responsibility and apologizes for the delay," Fairfax officials decided to collect the tax from IBM and from other business machine firms that lease equipment to the CIA.

Less Than \$100,000

County officials say law forbids release of the details of IBM's possible liability, but one informed source said the tax revenues could amount to "many thousands" including back taxes, penalties, and interest. Asked if the amount would exceed \$100,000, the source replied, "less than that."

A spokesman for IBM said yesterday that attorneys for the firm have investigated the Fairfax claim and concluded that the firm is liable because the CIA is on land where jurisdiction is shared jointly by the County and the Federal Government.

By contrast, officials in neighboring Arlington do not tax leased computers at the

Pentagon because it is a Federal reservation and considered out of their jurisdiction.

The spokesman for the District of Columbia government said it taxes "any equipment" leased to a Federal agency.

The inscrutable CIA, as always, had nothing to say about anything.

TAB

OGC 65-2955

6 OCT 1965

MEMORANDUM FOR THE RECORD

SUBJECT: Reporting Requirements for Fairfax Property Tax
on IBM Equipment

STATINTL

1. [] of Procurement raised with me a question as to the detail which IBM may include in reporting to Fairfax tax authorities their equipment which is leased to the Agency and located in the building. After some discussion we agreed that he would consult with Security, and if Security has no objections he would advise IBM that they should feel free to report the equipment leased to us in whatever detail and specificity the Fairfax tax authorities require. On the other hand, if Security will not permit this he should advise IBM to attempt to work out with the Fairfax tax people a report in general terms and the payment of the appropriate tax. If this fails or if IBM prefers, this Office would be glad to attempt -- to work out with the tax authorities some arrangement which would permit IBM to comply with the Fairfax tax requirements, to the satisfaction of the Fairfax tax authorities, while protecting CIA security interests.

STATINTL

2. [] also advised that his IBM contact had indicated the receipt of advice from me on this subject. I have no knowledge or memory of this, and we ultimately guessed that I may have discussed this problem with someone within the Agency who in turn may have quoted me by name to IBM or to IBM's local lawyers. [] will attempt to track down the source of this point.

STATINTL

STAT

STATINTL

*7 Oct 65 Have Mr. Lansdale inform
a Mr. O'Malley w/ local firm []
firm - []*

RICHARD H. LANSDALE
Associate General Counsel

STATINTL

cc: []
Procurement

*after discussing matter w/ Security advised IBM to
use cost of equipment in report for report
to tax authorities. [] - 6 Oct 65*

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(8)

STATINTL

TAB

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CONFIDENTIAL

LEASED EQUIPMENT

Arlington County, Va.

25X1A

ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-1	IBM	See Equipment List	X	OO/AS/CD Room 802 Key Building Arlington County, Va.	\$ 20,952.00
Rental-23	Xerox Corporation	914 - S/N 48485	X	OCR Room 406 Key Building Arlington County, Va.	\$ 4,008.00
Rental-31	Xerox Corporation	914 - S/N 33420	X	OCR Room 406 Key Building Arlington County, Va.	\$ 3,960.00
Rental-43	Xerox Corporation	914 - S/N 71057	X	Office of Finance Room 616 Key Building Arlington County, Va.	\$ 4,044.00
Rental-55	Xerox Corporation	914 - S/N 72496	X	OCR Room 536 1000 Glebe Road Arlington County, Va.	\$ 4,020.00
STAT Rental-62-A	Xerox Corporation	914 - S/N <input type="text"/>	X	<input type="text"/> Key Building Arlington County, Va.	\$ 3,000.00
Rental-74	Xerox Corporation	914	X	DCS Room 805 Key Building Arlington County, Va.	\$ 3,850.00
STAT Rental-79	Xerox Corporation	914 - S/N <input type="text"/>	X	<input type="text"/> Key Building Arlington County, Va.	\$ 4,200.00

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GROUP 1
Excluded from automatic
downgrading and
declassification

CONFIDENTIAL**LEASED EQUIPMENT**

Fairfax County, Va.

ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-2	IBM	See Equipment List	X	OCR/MD Rms. GE-0406 & 0410 Hqts. Bldg. Fairfax County, Va.	\$148,722.00
Rental-3	IBM	See Equipment List	X	OCR Rms. 2G-24 & 2G-40 Hqts. Bldg. Fairfax County, Va.	\$ 80,910.00
Rental-4	IBM	See Equipment List	X	<div style="border: 1px solid black; width: 80px; height: 20px; display: inline-block;"></div> Hqts. Bldg. Fairfax County, Va.	\$ 19,512.00 ^{STATINTL}
Rental-5	IBM	See Equipment List	X	RID Room GC-47 Hqts. Bldg. Fairfax County, Va.	\$725,000.00
Rental-7	IBM	See Equipment List	X	Security Rms. 1E-008 & GE-31 Hqts. Bldg. Fairfax County, Va.	\$ 1,476.00
Rental-8	IBM	See Equipment List	X	RID Room GC-47 Hqts. Bldg. Fairfax County, Va.	\$ 58,056.00
Rental-12	IBM	See Equipment List	X	MD/OSA Room GB-12 Hqts. Bldg. Fairfax County, Va.	\$ 2,148.00
Rental-13	A.B. Dick Company	Dry Copier Model 650	X	Cable Secretariat Room 1A-53 Hqts. Bldg. Fairfax County, Va.	\$ 400.10

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ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-15	Xerox Corporation	914 - S/N 71067	X	OCR Room 7G-07 Hqts. Bldg. Fairfax County, Va.	\$ 5,376.00
Rental-16	Xerox Corporation	914 - S/N 73327	X	Security Room 4E-49 Hqts. Bldg. Fairfax County, Va.	\$ 5,340.00
Rental-20	IBM	See Equipment List	X	OCS Rms. GD-0426 & GC-0309 Hqts. Bldg. Fairfax County, Va.	\$1,440,912.00
Rental-20-A	Mohawk Data Science Corporation	Keyed Data Record - S/N 112	X	OCS/BB/S&M Room GD-4012 Hqts. Bldg. Fairfax County, Va.	\$ 1,680.00
Rental-21	IBM	See Equipment List	X	FI/D Room 7B-00 Hqts. Bldg. Fairfax County, Va.	\$ 1,800.00
Rental-22	Xerox Corporation	914 - S/N 48490	X	MD/OSA Room 6B-4404 Hqts. Bldg. Fairfax County, Va.	\$ 10,320.00
Rental-26	Xerox Corporation	914 - S/N 1509	X	Cable Secretariat Room 1A-53 Hqts. Bldg. Fairfax County, Va.	\$ 7,920.00
25X1A Rental-27	Xerox Corporation	914 - S/N <input type="text"/>	X	OL/SD/CD Room 3 <input type="text"/> Fairfax County, Va.	\$ 7,920.00 25X1A
25X1A Rental-29	Xerox Corporation	914 - S/N <input type="text"/>	X	OL/SD/CD <input type="text"/> Fairfax County, Va.	\$ 8,340.00 25X1A
Rental-36	Xerox Corporation	914 - S/N 43925	X	OCR Room 2000 Hqts. Bldg. Fairfax County, Va.	\$ 6,600.00

ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-37	Xerox Corporation	914	X	DCI Room 7E-12 Hqts. Bldg. Fairfax County, Va.	\$ 3,000.00
Rental-40	Xerox Corporation	914 - S/N 32580	X	Cable Secretariat Room 1A-53 Hqts. Bldg. Fairfax County, Va.	\$ 10,800.00
Rental-42	Xerox Corporation	914 - S/N 61562	X	OCR Room 1G-34 Hqts. Bldg. Fairfax County, Va.	\$ 6,960.00
Rental-45	RCA	Tapewriter-Verifier See Equipment List	X	OL/SD <div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> Fairfax County, Va.	\$ 26,872.00
Rental-46	Xerox Corporation	813	X	DD/S&T/OCS Room GD-0404 Hqts. Bldg. Fairfax County, Va.	\$ 1,710.00
Rental-48	Xerox Corporation	914 - S/N 1525	X	Cable Secretariat Room 1A-53 Hqts. Bldg. Fairfax County, Va.	\$ 12,636.00
Rental-49	Xerox Corporation	914 - S/N 48477	X	CI Project Room 2B-28 Hqts. Bldg. Fairfax County, Va.	\$ 4,500.00
Rental-51	Pitney Bowes, Inc. (cancelled 10/1/65)	Tic-O-Meter, S/N 4216	X	OCR Room GE-0410 Hqts. Bldg. Fairfax County, Va.	\$ 330.00
Rental-52	Pitney-Bowes, Inc.	Postage Meter 4300 RF - S/N 326954	X	OL/LSD Room GB-23 Hqts. Bldg. Fairfax County, Va.	\$ 171.60
Rental-53	Pitney Bowes, Inc. (cancelled 10/1/65)	Tic-O-Meter, S/N 5293	X	OCR Room GE-0410 Hqts. Bldg. Fairfax County, Va.	\$ 330.00

ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-56	Scientific Data System, Inc.	930 System See Equipment List	X	FI/D Room 7B-00 Hqts. Bldg. Fairfax County, Va.	\$130,752.00
Rental-57	RCA	See Equipment List	X	DD/S&T/OCS Room GC-0309 Hqts. Bldg. Fairfax County, Va.	\$131,412.00
Rental-58	IHM	See Equipment List	X	FI/D Room 7B-00 Hqts. Bldg. Fairfax County, Va.	\$ 8,040.00
Rental-59	Dennison Mfg. Co.	Print Punch - S/N S-826 & S-886	X	RID Room GC-40 Hqts. Bldg. Fairfax County, Va.	\$ 3,240.00
Rental-61	Philip A. Hunt Chemical Corp.	Dennison Copier 09-300	X	RID Room GA-20 Hqts. Bldg. Fairfax County, Va.	\$ 630.00
Rental-61-A	Philip A. Hunt Chemical Corp.	Dennison Copier S/N 3143	X	FI Staff Room 1A-53 Hqts. Bldg. Fairfax County, Va.	\$ 840.00
Rental-73	Recordak Corporation	Film Reader FM-2 S/N 2189	X	RID Room GC-53 Hqts. Bldg. Fairfax County, Va.	\$ 450.00
Rental-75	Xerox Corporation	813	X	DDP Room 2C-2006 Hqts. Bldg. Fairfax County, Va.	\$ 1,127.50
Rental-76	UNIVAC, Division of Sperry Rand Corp.	Univac Processor	X	OSA/MD 2 - Hqts. Bldg. Room 5D-2817 Fairfax County, Va.	\$ 87,024.00
Rental-80	Xerox Corporation	813 - S/N 20271	X	MD/OSA Rm. 5B-2826 Hqts. Bldg. Fairfax County, Va.	\$ 900.00

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ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-81	Xerox Corporation	914 - S/N 88668	X	DD/S&T Rm. 2E-37 Hqts. Bldg. Fairfax County, Va.	\$ 4,980.00
Rental-82	Xerox Corporation (purchased - can- celled 12/1/65)	813 - S/N 18957	X	OC-A Rm. 7C-17 Hqts. Bldg. Fairfax County, Va.	\$ 3,750.00
Rental-84	Xerox Corporation	813 - S/N 18940	X	OC-A Rm. 6A-43 Hqts. Bldg. Fairfax County, Va.	\$ 2,400.00
Rental-85	Xerox Corporation	914 - S/N 77183	X	DCI Rm. 1F-08 Hqts. Bldg. Fairfax County, Va.	\$ 10,020.00
Rental-86	Xerox Corporation	813 - S/N 17927	X	DD/S&T/ORD Rm. 2F-39 Hqts. Bldg. Fairfax County, Va.	\$ 2,574.00
Rental-89	Xerox Corporation	813 - S/N 23881	X	DD/I Rm. 2E-52 Hqts. Bldg. Fairfax County, Va.	\$ 1,650.00
Rental-90	Xerox Corporation	813 - S/N 26129	X	OSI Rm. 6F-24 Hqts. Bldg. Fairfax County, Va.	\$ 2,040.00
Rental-90-1	Xerox Corporation	813 - S/N 26185	X	OSI Rm. 5C-17 Hqts. Bldg. Fairfax County, Va.	\$ 3,246.00
Rental-91	Xerox Corporation	813 - S/N 29074	X	DD/S&T/ORD Rm. 1D-0418 Hqts. Bldg. Fairfax County, Va.	\$ 2,004.00
Rental-93-A	Xerox Corporation	LIX Equipment	X	OCI Rm. 7F-35 Hqts. Bldg. Fairfax County, Va.	\$ 9,600.00

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ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-94	Xerox Corporation	813 - S/N 20594	X	Security Rm. 4E-49 Hqts. Bldg. Fairfax County, Va.	\$ 1,980.00
Rental-95	Control Data Corporation	See Equipment List	X	OC/SPS/Supply Rm. GA-0503 Hqts. Bldg. Fairfax County, Va.	\$ 25,680.00
Rental-96	Control Data Corporation	CDC Page Reader, Model 915 (to be installed 3/1/66)	X	CIA Computer Center Rm. GC-0309 Hqts. Bldg. Fairfax County, Va.	\$ 41,400.00
Rental-97	IBM	Magnetic Tape/Selectric Typewriter Model IV	X	DD/P/RID Rm. 3C-19 Hqts. Bldg. Fairfax County, Va.	\$ 2,802.00
Rental-98	IBM	Magnetic Tape Typewriter, Model IV	X	OCI Rm. 7G-17 Hqts. Bldg. Fairfax County, Va.	\$ 1,214.35

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LEASED EQUIPMENT

Washington, D.C.

ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
25X1A Rental-6	Xerox Corporation	914 - S/N <input type="text"/>	X	ORT <input type="text"/> Washington, D.C.	\$ 5,070.00 25X1A
Rental-10	IBM	See Equipment List	X	NPIC Rm. 2N-636 <input type="text"/> Washington, D.C.	\$150,000.00 25X1A
Rental-11	IBM	See Equipment List	X	NPIC Rm. 4S-474E <input type="text"/> Washington, D.C.	\$ 96,000.00 25X1A
25X1A Rental-13	Xerox Corporation	914 - S/N <input type="text"/>	X	NPIC Rm. 3S-467 <input type="text"/> Washington, D.C.	\$ 6,480.00 25X1A
Rental-28	Xerox Corporation	914 - S/N 35744	X	OP Rm. 803 1016 - 16th St. Washington, D.C.	\$ 6,180.00
Rental-30	Xerox Corporation	914 - S/N 34316	X	TSD/PASS Rm. 4200 South Bldg. Washington, D.C.	\$ 3,000.00
Rental-35	Xerox Corporation	914 - S/N 43647	X	OC-E/MSB Rm. 2711 Alcott Hall Washington, D.C.	\$ 8,004.00
25X1A Rental-38	Xerox Corporation	914 - S/N <input type="text"/>	X	TSD/PASS Rm. 217 <input type="text"/> Washington, D.C.	\$ 7,632.00 25X1A

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ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-39	Xerox Corporation	914 - S/N 43979	X	OP Rm. 2827 Quarters Eye Bldg. Washington, D.C.	\$ 7,020.00
Rental-44	Xerox Corporation	914 - S/N 73484	X	ORR Rm. 1419 Alcott Hall Washington, D.C.	\$ 2,400.00
Rental-45-A	RCA	Tapewriter-Verifier See Equipment List	X	OL/SD 1200 Wing Quarters Eye Bldg. Washington, D.C.	\$ 2,100.00
Rental-54	Punk Water Condition- ing Company	Tri-Bed Deionizers	X	NPIC [Redacted] Washington, D.C.	\$ 1,880.25X1A
Rental-60	Xerox Corporation	813 - S/N 14023	X	TSD Training Rm. 1306 R & S Bldg. Washington, D.C.	\$ 648.00
25X1A Rental-62	Xerox Corporation	914 - S/N [Redacted]	X	NPIC Rm. 4S-477 [Redacted] Washington, D.C.	\$ 7,080.00 25X1A
25X1A Rental-63	Xerox Corporation	914 - S/N [Redacted]	X	NPIC Rm. 2N-414 [Redacted] Washington, D.C.	\$ 3,900.00 25X1A
25X1A Rental-64	Xerox Corporation	914 - S/N [Redacted]	X	NPIC Rm. 3N-414 [Redacted] Washington, D.C.	\$ 6,480.00 25X1A
Rental-65	Xerox Corporation	914	X	NPIC Rm. 1N-427 [Redacted] Washington, D.C.	\$ 7,080.00 25X1A
25X1A Rental-66	Xerox Corporation	914 - S/N [Redacted]	X	NPIC Rm. 2N-215 [Redacted] Washington, D.C.	\$ 6,480.00 25X1A

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ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
25X1A Rental-67	Xerox Corporation	914 - S/N <input type="text"/>	X	MPIC Rm. 5S-452 <input type="text"/> Washington, D.C.	\$ 4,920.00 25X1A
Rental-69	UNIVAC, Division of Remington Rand	See Equipment List	X	MPIC Rm. 4S-474 <input type="text"/> Washington, D.C.	\$780,000.00 25X1A
Rental-87	IBM	Alph Printing Punch Mdl. 1, 026 - 82027	X	OL/SB/SMB Rm. 1424 Quarters Eye Bldg. Washington, D.C.	\$ 756.00

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LEASED EQUIPMENT

Miscellaneous

ORDER/CONTRACT NUMBER	CONTRACTOR	TYPE OF EQUIP. SERIAL NUMBER	CLASSIFICATION UNCLASSIFIED	LOCATION (Bldg./Rm. County & State)	EST. YEARLY RENTAL
Rental-76-A	UNIVAC, Division of Sperry Rand Corp.	Univac Processor	X	OSA/MD <div></div>	\$ 40,968.26X1A
Rental-76-B	UNIVAC, Division of Sperry Rand Corp.	Univac Processor	X	OSA/MD <div></div>	\$119,904.26X1A
Rental-93	Xerox Corporation	2400 Copier	X	OL/PSD <div></div>	\$ 5,000.26X1A

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